

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 174

June 2006

ITEMS TO REMEMBER

JUNE

- June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- June 20: Last day to report and make payment of state and county income tax withheld during May to the Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of The School Administrator and Uniform Compliance Guidelines.)
- June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School board members taking office in July, file certified copy of oath in the circuit court clerk's office of the county containing the greatest percentage of population of the school corporation. (IC 5-4-1-4)

JULY

- July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.
- July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)
- July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, The School Administrator and Uniform Compliance Guidelines.)
- July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

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AUGUST

- Aug 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- Aug 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, in accordance with IC 5-3-1-1 et seq.
- Aug 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, The School Administrator and Uniform Compliance Guidelines.)
- Aug 31: Last date for the first publication of budgets (10 days prior to the public hearing). (IC 6-1.1-17-3)
- NOTE: See the September "The School Administrator and Uniform Compliance Guidelines" for budget dates or call the Department of Local Government Finance at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made to the Office of the State Fire Marshal an inspection report of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)

BAND UNIFORMS - CHOIR OUTFITS

We are often asked if "choir outfits" for students may be bought under the same statute regarding band uniform purchases even though the "choir outfits" could possibly be considered as personal in that the students may keep the clothing.

The State Board of Accounts is of the audit position IC 20-30-15-8(b) provides "A governing body may appropriate from the school corporation's general fund for any one (1) year an amount equal to the total funds raised by school patrons during the year in which the appropriation is made to purchase band uniforms for high school bands sponsored by high schools located within and operated by the school corporation." (Our emphasis) IC 20-30.15-8 does not specifically refer to "choir outfits".

The School Board, if desiring, could consider the provisions of IC 20-26-5-4 (3) "Promotion of School" or the provisions of IC 20-26-3-1, et seq., School Corporation Home Rule. The School Corporation Attorney should provide written guidance concerning the applicability of these statutes to the "choir outfits". The appropriateness of a purchase if deemed to be for personal purposes may result in an audit exception.

We have also taken the audit position the purchase of band uniforms is not only a one time purchase, but may be repeated in subsequent budget years, limited each year to an amount equal to the amount raised by school patrons during that same budget year.

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DISPOSITION OF OLD OUTSTANDING CHECKS

Pursuant to IC 5-11-10.5, all checks outstanding and unpaid for a period of two years as of December 31 of each are void.

Not later than March 1 of each year, the Treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding year. The original copy shall be filed with the board of finance of the school corporation and the duplicate copy maintained by the Treasurer. The Treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the General Fund.

Each list prepared must show:

- (1) the date of issue of each check;
- (2) the fund upon which the check was originally drawn;
- (3) the name of the payee;
- (4) the amount of each check issued; and
- (5) the total amount represented by the checks listed for each fund.

IC 5-11-10.5-6 formerly provided for the issuance of another check to replace a canceled check, if a claim was properly filed by the vendor or the person to whom the check was issued within seven years after the date of issuance of the original check. The check would have been drawn upon the fund to which the canceled check was receipted and any check outstanding for more than seven years was to be considered void, and no recovery could be made. However, IC 5-11-10.5-6 was repealed in 1999. Therefore, we suggest the school corporation attorney provide written guidance concerning claims that might be presented.

INVESTMENT CASH MANAGEMENT SYSTEM

IC 5-13-11 concerning Investment Cash Management Systems, provides for a system in which a depository manages the investment practices of a school corporation. The governing body and treasurer of a school corporation may contract with a depository for the operation of an investment cash management system.

The contract must:

- (1) be in writing;
- (2) provide for the investment of funds by the depository with the approval of the fiscal officer;
- (3) provide that the depository keep those records concerning the investment cash management system that the political subdivision would maintain for audits by the State Board of Accounts;

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INVESTMENT CASH MANAGEMENT SYSTEM

(Continued)

- (4) provide that investments will be made in accordance with IC 5-13;
- (5) not have a term of more than two (2) years; and
- (6) be awarded under the bidding provisions of IC 5-22.

If no designated depository whose principal office or branch is located within the political subdivision will provide an investment cash management service permitted in IC 5-13-11, then the contract for an investment cash management service must be awarded as provided by IC 5-13-8-9(c). If the investment cash management service contract is awarded to a financial institution whose principal office or branch is located outside the political subdivision, then the recipient of the contract does not constitute a designated depository of the political subdivision for the purposes of investment under IC 5-13-9-3 unless it meets the limitations of IC 5-13-9-4 or IC 5-13-9-5, but does constitute a depository under IC 5-13 for all other purposes.

The contract may provide for the depository to assess a service charge for management of the investment cash management system. The amount of the charge must be stated in the contract. The contract may provide for the depository to assess a service charge for its management of the investment cash management system. The service charge may be paid by direct charge to the deposit or other account or in any other manner mutually agreed upon by the investing officer and the depository. The depository shall furnish the political subdivision with at least one (1) report each month of transactions concerning the investment cash management system. The depository shall credit any interest or other accretion from an investment to the investment account of the political subdivision. The interest or accretion becomes a part of the principal in that account.

IC 5-13-11-2.5 provides a contract may be renewed under this chapter if the county board of finance for a county subject to IC 5-13-7-1 or the fiscal body of a political subdivision and the investing officer of the political subdivision agree with the depository to renew the contract under the same terms or better terms as the original contract. The term of a renewed contract may not be longer than the term of the original contract.

OBSOLETE VOLUME

All articles of Volume 134 of The School Administrator have been updated or reprinted in later volumes or are no longer applicable; thus, Volume 134 which was distributed in June 1986 may now be deleted from your file.

**APPLICATION FOR FREE OR REDUCED PRICE MEALS AND OTHER BENEFITS,
SCHOOL FORM 521, (Revised 2006); APPLICATION FOR FREE MILK AND OTHER BENEFITS,
SCHOOL FORM 522, (Revised 2006)**

The Application for Free or Reduced Price Meals and Other Benefits, School Form Number 521 and School Form Number 522, Application for Free Milk and Other Benefits have been revised by the Indiana Department of Education, Division of School and Community Nutrition Programs.

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ACCOUNTS PAYABLE VOUCHERS

IC 5-11-10-1.6(c) provides: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board having jurisdiction over allowance of payment of the claim.

This subsection does not prohibit a school corporation, with prior approval of the board having jurisdiction over allowance of payment of the claim, from making payment in advance of receipt of services as allowed by guidelines developed under IC 20-20-13-10."

We are of the audit position IC 5-11-10-1.6(c)(2) may be complied with by attaching to the Accounts Payable Voucher Form 523, the receiving copy of the Purchase Order Form 98, signed by the person receiving the goods or services.

APPROVED DEPOSITORIES

Please contact the Indiana Board for Depositories at 317-232-5258 if you have any questions regarding approved depositories or visit [Http://www.in.gov/deposit/](http://www.in.gov/deposit/).

SCHOOL LUNCH AND TEXTBOOK RENTAL FORM NINE REPORTING

IC 20-26-5-15 states "A governing body in operating a school lunch program under section 4(11) of this chapter may use either of the following accounting methods: (1) It may supervise and control the program through the school corporation account, establishing a school lunch fund. (2) It may cause the program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-26-6."

IC 20-26-5-16 states in part "(a) A governing body in operating a textbook rental program under IC 20-26-5-4(12) may use either of the following accounting methods: (1) The governing body may supervise and control the program through the school corporation account, establishing a textbook rental fund. (2) If textbooks have not been purchased and financial commitments or guarantees for the purchases have not been made by the school corporation, the governing body may cause the program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-26-6."

The central office of a school corporation should ensure all financial information for school lunch and textbook rental maintained at all buildings is summarized and properly accounted for in School Lunch Fund 080, and Textbook Rental Fund 090, in each Biannual Financial Report (Form Nine) filed with the Indiana Department of Education.